

THE
BABCOCK & WILCOX
COMPANY

FIFTY-FIRST
ANNUAL REPORT

BOARDS
621.184
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FOR THE YEAR ENDED
DECEMBER 31, 1931

MRB
CORP. FILE

THE BABCOCK & WILCOX COMPANY

OFFICERS

A. G. PRATT	President
ISAAC HARTER	Vice President
E. G. BAILEY	Vice President
C. W. MIDDLETON	Vice President and Secretary
A. E. PHIN	Comptroller
WILLIAM SHELDRIK	Treasurer and Asst. Secretary
W. G. DRYDEN	Assistant Comptroller
S. R. MARSHALL	Assistant Treasurer
F. H. HOLLOWAY	Assistant Secretary

DIRECTORS

E. G. BAILEY	A. G. PRATT
F. J. FAULKS	J. J. RIKER
ISAAC HARTER	A. A. TILNEY
C. W. MIDDLETON	WM. WOODWARD

General Offices 85 LIBERTY STREET, NEW YORK, N. Y.

Stock Transfer Agents—BANKERS TRUST Co., 16 WALL STREET, NEW YORK
F. A. CLEARY, 74 LEXINGTON AVENUE, BAYONNE, N. J.
H. R. KAHR, 74 LEXINGTON AVENUE, BAYONNE, N. J.

Registrars . . . THE NEW YORK TRUST Co., 100 BROADWAY, NEW YORK
THE MECHANICS' TRUST Co., BAYONNE, N. J.

Auditors BARROW, WADE, GUTHRIE & Co.

FIFTY-FIRST ANNUAL REPORT

BAYONNE, N. J., Feb. 25, 1932.

To the Stockholders of

THE BABCOCK & WILCOX COMPANY:

As was the case with nearly all of those engaged in the manufacture and sale of power plant equipment and heavy machinery, your Company's operations in the year 1931 were very unsatisfactory. These conditions obtained not only in the boiler business but in the other lines of business in which the Company and its subsidiaries are engaged. As a result of the small volume of business to be had, an utter demoralization of prices resulted. The unfilled orders as of December 31, 1931, were \$5,288,759.36 as compared with \$9,773,146.16 at the close of 1930.

In last year's report mention was made of the Company's development in fusion welded boiler drums and pressure vessels. In 1931 this process was successfully developed commercially and will prove of increasing importance to the Company in the future. This necessitated the installation of additional manufacturing facilities which have been completed. Other minor changes in plant were made which will effect considerable savings under more normal conditions of production. All manufacturing plants have been maintained in first-class condition.

While inventories were reduced to a minimum, their values as of December 31, 1931, were only slightly less than at the end of 1930. This was due entirely to the postponement of shipment of several large contracts from 1931 to 1932. Inventories have not been written down, as costs were equal to or lower than market prices.

The management gave and is continuing to give constant attention to economies in operation. Salaries of all officers and of all other salaried employees have been substantially reduced and pay rolls decreased by reason of part time work. Other marked savings in operating costs and additional economies have been effected. In a business such as your Com-

pany conducts costs cannot be reduced in proportion to business done without serious handicap to the Company. The purpose of the officers has been to reduce expenses wherever possible, without destroying the effectiveness of the staff and its ability to do the work required of it under the better conditions which it must be prepared to meet in the future.

Herewith are submitted balance sheet as of December 31, 1931, profit and loss account, and surplus account for the year 1931. Ample reserves have been set up for doubtful receivables and proper provision has been made for depreciation of plants and equipment, and on the same basis as in former years.

The Balance Sheet of your Company reflects a strong financial position, there being an excess of current assets over current liabilities of \$15,317,829.34. This alone is equivalent to more than \$65 per share of capital stock outstanding, without considering the value of plants, equipment, subsidiary companies and investments in properties, in which the Company is interested.

Surplus was reduced during the year from \$7,703,509.56 to \$6,905,178.80 or by \$798,330.76 through the payment or declaration of dividends in excess of earnings. In order to conserve surplus against a delayed business recovery, your Directors deemed it wise to reduce the quarterly dividend rate from $1\frac{3}{4}\%$ to 1% on January 1, 1932. A dividend of 1% has been declared payable April 1st, next.

Your Company has done everything it could to refrain from laying off its employees, even to the extent of providing part time work by building equipment during the present winter on which shipment is not required until the middle or latter part of this year. Regardless of this, it was found necessary to materially reduce the number of employees and to work part time.

It is particularly fitting at this time that the Board should express, as it hereby does, its sincere appreciation for the wholehearted support and complete cooperation of the Company's employees in a most difficult time and under very trying circumstances.

By Order of the Board of Directors,

A. G. PRATT,
President.

THE BABCOCK &

Balance Sheet as at

ASSETS

CURRENT ASSETS:

Cash	\$ 3,047,427.65	
Securities of the United States Government.....	1,424,640.34	
State, County, and Municipal Short Term Bonds— Maturing 1932	4,813,058.44	
Other Marketable Securities.....	392,850.34	
Accounts Receivable	\$2,664,866.80	
Accounts Receivable—Subsidiary Com- panies	261,697.99	
Notes Receivable	155,377.91	

\$3,081,942.70

Deduct—Reserve for Doubtful Notes and

Accounts	81,016.08	3,000,926.62
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Accrued Interest	45,616.22
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Inventories:

Raw Materials, Work Completed and in Progress	3,582,082.01
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TOTAL CURRENT ASSETS..... \$16,306,601.62

DEFERRED ACCOUNTS RECEIVABLE..... 105,456.00

INVESTMENTS:

Stocks of Subsidiary Companies.....	\$4,952,467.48	
Stocks and Bonds of Other Companies..	4,407,251.80	
Advances to Subsidiary Companies....	515,527.76	9,875,247.04

FIXED ASSETS, LESS DEPRECIATION:

Real Estate and Buildings.....	\$3,807,123.65	
Machinery and Equipment.....	2,706,952.03	
Dies, Patterns and Drawings.....	228,000.00	6,742,075.68

DEFERRED CHARGES 64,570.74

\$33,093,951.08

WILCOX COMPANY

December 31, 1931

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$	197,493.09
Commissions, Wages, etc.		406,941.10
Dividends Payable		227,000.00
Advance Payments on Contracts.....		157,338.09
TOTAL CURRENT LIABILITIES.....	\$	988,772.28

RESERVES:

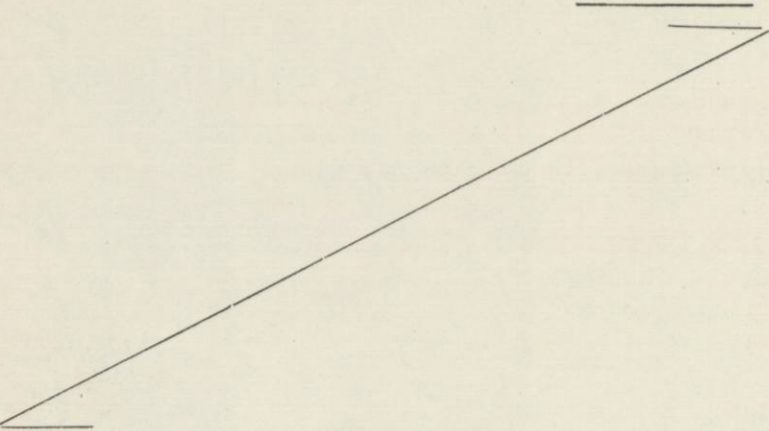
For Contingencies	2,500,000.00
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CAPITAL STOCK:

227,000 Shares—Par Value \$100.00
each\$22,700,000.00

SURPLUS:

Balance at December 31, 1931.....	6,905,178.80	29,605,178.80
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\$33,093,951.08

THE BABCOCK & WILCOX COMPANY

Profit and Loss Account for the Year Ended .
December 31, 1931

Loss on Operations, after Selling, Administrative and General Expenses, but before Depreciation.....	\$153,859.71	
Depreciation of Buildings, Machinery and Equipment, etc..	452,120.87	
Net Loss on Operations.....	\$605,980.58	
Income from Investments.....	\$702,325.16	
Interest and Exchange.....	81,431.42	
Foreign Trade Royalties	41,681.00	
Rentals	3,712.24	829,149.82
NET INCOME, TRANSFERRED TO SURPLUS ACCOUNT.....	\$223,169.24	

THE BABCOCK & WILCOX COMPANY

Surplus Account as at December 31, 1931

BALANCE AT JANUARY 1, 1931.....	\$7,703,509.56
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Add:

Net Income for the year 1931.....	223,169.24
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\$7,926,678.80

Deduct:

Dividends Declared:

Paid July 1, 1931.....	\$397,250.00	
Paid October 1, 1931.....	397,250.00	
Payable January 2, 1932.....	227,000.00	1,021,500.00

BALANCE AT DECEMBER 31, 1931.....	\$6,905,178.80
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AUDITORS' CERTIFICATE

The President and Directors,
THE BABCOCK & WILCOX COMPANY,
New York, N. Y.

We have examined the books and records of The Babcock & Wilcox Company and have prepared therefrom the foregoing Balance Sheet as at December 31, 1931.

Cash, Notes Receivable and Securities have been verified by us except as to such items as were held by the various Branch Offices.

Responsible Officials of the Company have certified to us the correctness of the Inventories, which are priced at Cost, and that all known Liabilities have been incorporated in the accounts at December 31, 1931.

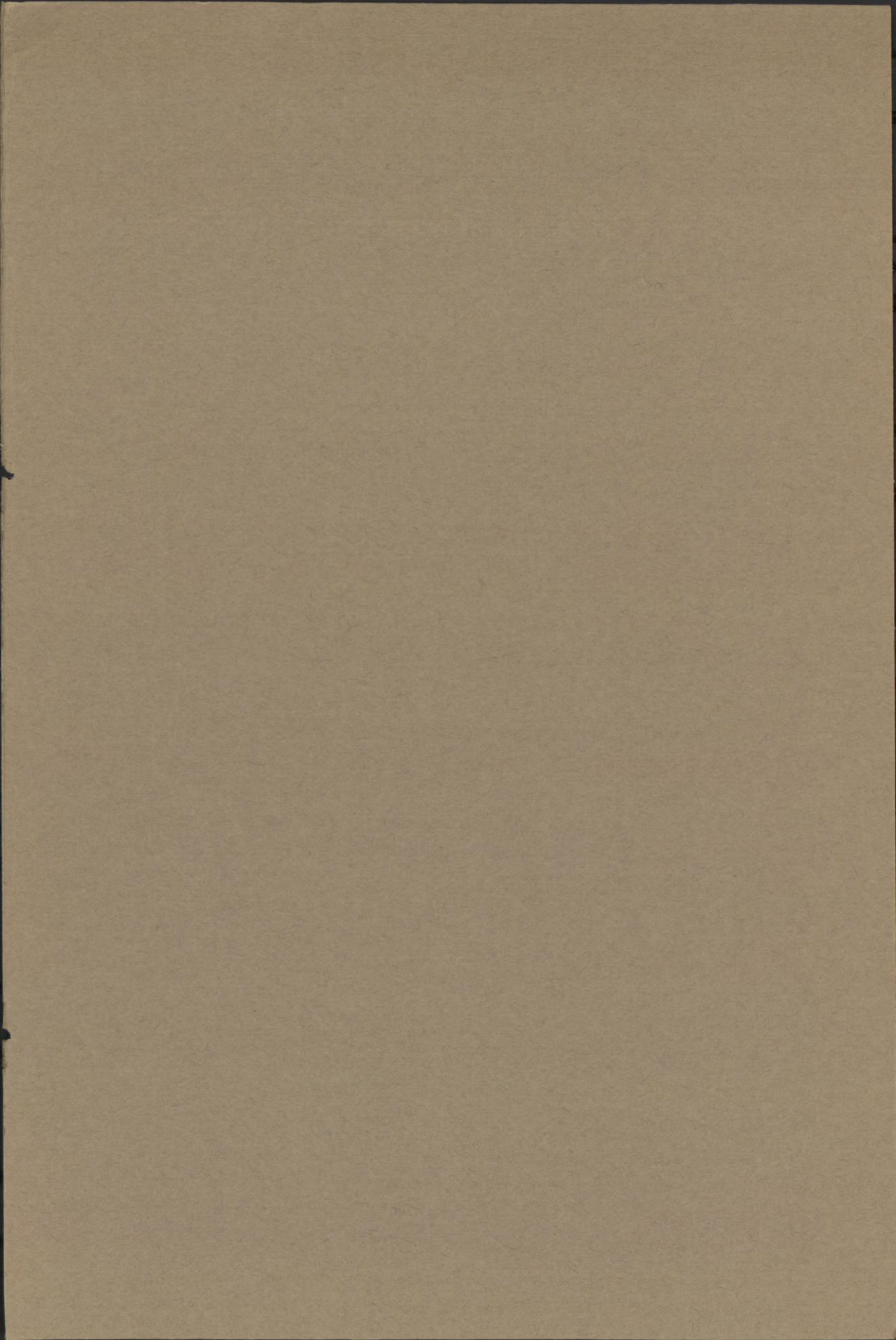
Provision has been made for Depreciation of Buildings, Machinery and Equipment.

Vouchers covering Expenditures made during the year for additions to Real Estate, Buildings, Machinery and Equipment were examined by us and found in order.

In our opinion, the foregoing Balance Sheet correctly sets forth the position of The Babcock & Wilcox Company at December 31, 1931.

BARROW, WADE, GUTHRIE & Co.,
Accountants and Auditors.

New York, February 23, 1932.



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